

EXHIBIT N

VOLUME II

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND
NORTHERN DIVISION

* * *

EQUAL EMPLOYMENT OPPORTUNITY : CIVIL ACTION
COMMISSION, :
Plaintiff :
and :
KATHY C. KOCH, :
Intervenor/Plaintiff :
vs. :
LA WEIGHT LOSS, :
Defendant : NO. S-02-CV-648

* * *

SEPTEMBER 19, 2002

* * *

Continued Rule 30(b)(6) deposition of
LA WEIGHT LOSS CENTERS, through its designee, KAREN
P. SIEGEL, was held in the offices of the EQUAL
EMPLOYMENT OPPORTUNITY COMMISSION, The Bourse
Building, 111 South Independence Mall East, Suite
400, Philadelphia, Pennsylvania 19106, beginning at
10:05 a.m., before McKinley Wise, a Registered
Professional Reporter and an approved Reporter of
the United States District Court.

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<p style="text-align: center;">Page 221</p> <p>1 Q. So it goes like this. Let me just 2 paraphrase, if I can. 3 Center managers. Then they were 4 supervised by area managers. Then the area 5 managers were supervised by regional managers. 6 The regional managers were supervised by 7 divisional managers. The divisional managers were 8 supervised by Eileen Stankunas, who was supervised 9 by the COO, who was supervised by the CEO? 10 A. Okay. At that point the COO 11 position didn't exist in the same capacity. We 12 didn't have a COO. Scott Moyer had moved into the 13 franchise realm and Vahan was the CEO and he -- 14 basically he was who they reported to. 15 Q. "They" being the divisional 16 managers? 17 A. Well, no. Eileen Stankunas. 18 Everyone, quite honestly. 19 Q. Right. Well, I understand the CEO 20 was obviously the supervisor of everybody, but I'm 21 really talking in terms of -- 22 A. From a layering, yes. 23 Q. So did Eileen Stankunas have a title 24 at that time?</p>	<p style="text-align: center;">Page 223</p> <p>1 200. 2 Q. And approximately how many area 3 managers did you have in the year 2000? 4 A. Between 35 and 40. 5 Q. And approximately how many regional 6 managers did you have in the year 2000? 7 A. Anywhere from, say, 10 to 15. 8 Q. Approximately how many divisional 9 managers did you have in the year 2000? 10 A. Three or four. 11 Q. Leaping forward to 2001, 12 approximately how many center managers did you 13 have in the year 2001? 14 A. Can we go back? How many do I have 15 at the end of 2000? 16 Q. You have 200 in the year 2000, 17 approximately. 18 A. So at the end of 2001, approximately 19 230, between 230 and 240. 20 Q. And approximately how many area 21 managers did you have in the year 2001? You had 22 approximately 35 to 40 in the year 2000. 23 A. Not many more. So between 40 and 24 45.</p>
<p style="text-align: center;">Page 222</p> <p>1 A. Again, at that point she was 2 probably considered a general manager. 3 Q. So she wouldn't have been vice 4 president of operations at that point? 5 A. No. 6 Q. And in 1999 was Eileen Stankunas 7 supervised by the COO? 8 A. Part of the year. 9 Q. Moving forward to 2001, can you 10 please go over with me the organizational 11 structure of the center management starting with 12 the center managers? 13 A. Center manager; area manager; 14 regional manager; divisionals, which eventually 15 became VPs of operations; and then two general 16 managers. Company was geographically divided, so 17 we have two general managers. 18 Q. Then was anybody over the general 19 managers? 20 A. Again, Vahan, the CEO. 21 Q. Now, I'm sorry, but I need to go 22 back to 2000 because I neglected to ask you. How 23 many center managers do you have in the year 2000? 24 A. Approximately between 200 -- around</p>	<p style="text-align: center;">Page 224</p> <p>1 Q. And approximately how many regional 2 managers did you have in the year 2001? 10 to 15 3 in the year 2000. 4 A. Between 15 and 20. 5 Q. So you had approximately 15 to 20 6 regional managers in the year 2001 and 7 approximately how many divisional managers did you 8 have in the year 2001? 9 A. Four to five. 10 Q. And approximately how many general 11 managers did you have in the year 2001? 12 A. Two. 13 Q. Now moving forward to 2002, the 14 present year, can you tell me if the 15 organizational structure of the location 16 management has changed from year 2002 to year 17 2001? 18 A. Yes. 19 Q. Let's go through it then. If you 20 can start with the center managers, who supervises 21 the center managers in 2002? 22 A. Area managers, regional managers, 23 VPs at that point, VPs of operation. But, again, 24 we have added a divisional layer back in.</p>

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<p>1 Q. Was the same hiring authority that 2 you previously testified to with respect to 3 regional managers, area managers, and director of 4 training responsible for hiring traveling 5 trainers, area trainers --</p> <p>6 A. Yes.</p> <p>7 Q. -- service supervisors throughout 8 the course of 2000 and 2002?</p> <p>9 A. Yes.</p> <p>10 Q. Now, does LA Weight Loss have a 11 policy on inhouse hiring or inhouse job posting?</p> <p>12 A. There is not a formalized policy on 13 that, no.</p> <p>14 Q. Is there an informal policy?</p> <p>15 A. No.</p> <p>16 Q. Is there any preference that's 17 provided to LA Weight Loss employees if they apply 18 for positions that are lateral or considered 19 promotions within the company?</p> <p>20 A. I don't understand the question.</p> <p>21 Q. Do you have any policies on filling 22 available positions with respect to posting it or 23 publishing it to the public at large or do you 24 disseminate it out to the inhouse employees first?</p>	<p>1 MR. LANDAU: Can you break that 2 down?</p> <p>3 MS. NYFELER: Yes.</p> <p>4 BY MS. NYFELER:</p> <p>5 Q. Let's go to job applications.</p> <p>6 In 1997 did LA Weight Loss have a 7 policy on retaining records of job applications?</p> <p>8 A. I do not believe so, no.</p> <p>9 Q. Is that a no?</p> <p>10 A. No.</p> <p>11 Q. In 1998 did LA Weight Loss have a 12 policy on retaining job applications?</p> <p>13 A. Time frame in 1998?</p> <p>14 Q. Let's start January of 1998.</p> <p>15 A. No.</p> <p>16 Q. When did the policy -- well, was 17 there a policy in 1998 that was created on 18 retaining job applications?</p> <p>19 A. Yes.</p> <p>20 Q. And when was that created?</p> <p>21 A. It was created in late '98.</p> <p>22 Q. What is "late '98"?</p> <p>23 A. Like November of '98 when the --</p> <p>24 Q. So from January of 1998 to November</p>
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<p>1 A. No. The posting for positions is 2 done externally.</p> <p>3 Q. So externally meaning that it is 4 distributed out to the public?</p> <p>5 A. Yes.</p> <p>6 Q. Move you forward to policies and the 7 practices that LA Weight Loss has on retention of 8 records.</p> <p>9 Now, we've discussed the -- I know 10 previously you mentioned in your testimony that 11 there was a policy in place as of at least late 12 1998 --</p> <p>13 A. Yes.</p> <p>14 Q. -- on record retention. I want to 15 move you back to 1997, when the company was first 16 formed?</p> <p>17 A. Okay.</p> <p>18 Q. What is the LA Weight Loss -- is 19 there a LA Weight Loss policy in 1997 on retaining 20 records?</p> <p>21 And I'm talking about records with 22 respect to job applications, personnel files, and 23 anything to do with employees generally. I'm not 24 talking about pay records. Okay.</p>	<p>1 of 1998, did LA Weight Loss have a policy on 2 retaining job applications?</p> <p>3 A. No.</p> <p>4 Q. Now, when that policy was created in 5 November of 1998, when was it distributed to the 6 employees?</p> <p>7 A. It would have been distributed some 8 time in 1999. When the recruitment manual went 9 out to field management, to the upper management, 10 it would have been after that point. So some time 11 in 1999 the policy was actually disseminated to 12 the field.</p> <p>13 Q. When in 1999 was it disseminated to 14 the field?</p> <p>15 A. I would say some time around March.</p> <p>16 Q. Where is that record-retention 17 policy -- is that record-retention policy with 18 respect to job applications reduced to writing 19 somewhere?</p> <p>20 A. Yes.</p> <p>21 Q. Where is that document?</p> <p>22 A. It's in the training manual on 23 recruitment and hiring.</p> <p>24 Q. Was the policy that was created in</p>

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1 November of 1998 on retaining job applications 2 disseminated to the corporate offices before 1999? 3 A. No. 4 Q. So was it disseminated to everybody 5 at LA Weight Loss at the same time? 6 A. Yes. 7 Q. And was there any job positions in 8 particular that received copies of this policy or 9 did everybody receive it? 10 A. The supervisors, regional managers, 11 area managers and up. 12 Q. Now I'm going to move forward to 13 record-retention policies on personnel files on 14 employees. I'm not including pay records. I'm 15 really only including the personnel files. 16 A. Okay. 17 Q. Now, in 1997 did LA Weight Loss have 18 a policy on retaining personnel files? 19 A. I don't believe so, no. 20 Q. In 1998, starting in January, moving 21 to November of 1998, did LA Weight Loss have a 22 policy on retaining personnel files? 23 A. No. 24 Q. Was there a policy created in	1 Bell? 2 A. No. Allentown, Pennsylvania. 3 Q. Now, you just testified that there 4 was a policy created on retaining personnel files 5 around November of 1998; is that correct? 6 A. Well, actually when I started in 7 April of '98, immediately that was one of the 8 first things, to make sure just communicated to 9 payroll at that point the retention of personnel 10 files and cleaning out the inactive files. Every 11 file was -- everything was all together, 12 inactives, actives, the whole nine yards, and it 13 was sort of like a personnel file audit, if you 14 will, to separate inactives and actives and 15 keeping all of them. So it kind of started at 16 that point. 17 Q. Were all personnel files maintained 18 in payroll? 19 A. Up to that point? 20 Q. Yes. 21 A. To my knowledge, yes. Or if it 22 wasn't, anything that we had would have been in 23 storage. Any personnel files that weren't in 24 personnel would have been in storage at that
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1 November of 1998 on retaining personnel files? 2 A. Yes. 3 Q. And is that also contained in the 4 recruitment and hiring manual? 5 A. No. 6 Q. Is there a written policy -- 7 A. No. 8 Q. -- for retaining personnel files? 9 A. No. 10 Q. So is the policy communicated? 11 A. Yes. By me because I oversee 12 payroll now at this point. I now am in charge of 13 record retention for employee files. So we -- all 14 employee files are retained. 15 Q. And all employee files are 16 maintained in your office? 17 A. No. 18 Q. All personnel files. I'm not 19 talking about pay records. 20 A. No. I understand. The personnel 21 files, no, 1999 and forward are retained in our 22 office. Anything prior to '99 is retained in our 23 warehouse, our storage warehouse. 24 Q. That's a storage warehouse in Blue	1 point. 2 Q. So is it your testimony that the 3 practice at LA Weight Loss prior to April of '98 4 was to take any personnel documents and maintain 5 them in payroll and not at the centers? 6 A. Yes, I believe so. 7 Q. You believe so. But that's not an 8 answer. 9 A. Okay. Yes. But I -- I don't have 10 control over -- or at that time point there was no 11 control over if somebody held any additional 12 documents at the center level. But there were 13 personnel files on each and every employee held at 14 corporate. 15 Q. Were those files complete? In other 16 words, were all documents pertaining to an 17 employee at LA Weight Loss prior to 1998 forwarded 18 to personnel records? 19 A. Prior to 1998? 20 Q. Excuse me. Prior to April of '98. 21 A. Can you please say that again? 22 Q. Did LA Weight Loss have a practice 23 prior to April of 1998 of providing copies of all 24 documentation relating to employees, personnel at